

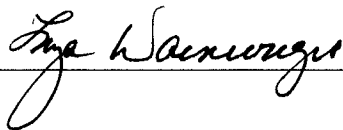
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**DIVISION OF MENTAL HEALTH, DEVELOPMENTAL DISABILITIES AND SUBSTANCE  
ABUSE SERVICES  
POLICIES AND PROCEDURES**

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<b>Section:</b>	Resource and Regulatory Management	<b>Effective Date:</b>	1/1/2009
<b>Team:</b>	Budget and Finance Team	<b>Policy No.</b>	B-103
<b>Subject:</b>	Local Management Entity Service Cost Redistribution Methodology	<b>Revision date :</b>	

**Approved By:**



**Approval Date:**

4/3/09

**Purpose:**

The purpose of this policy is to outline the methodology to be used by the Division of Mental Health, Developmental Disabilities and Substance Abuse Services (the Division) for the realignment of service costs and redistribution of resources as a result of the reconfiguration of a Local Management Entity (LME).

**Scope:**

This policy applies to all LMEs subject to reconfiguration.

**Policy Statement:**

It is the policy of the Division that the methodology for uniform redistribution of resources be clearly delineated and consistently implemented.

LME means an area authority, county program, or consolidated human services agency; it is a collective term that refers to functional responsibilities rather than governance structure. (N.C.G.S. § 122C-3(20b)) LMEs are responsible for managing, coordinating, facilitating and monitoring the provision of mental health, developmental disabilities and substance abuse services in their respective service catchment area. LME responsibilities include offering consumers 24 hours per day 7 days per week 365 days per year (24/7/365) access to services, developing a provider base and overseeing providers, and handling consumer complaints and grievances. The catchment area of a LME must contain either a population of at least 200,000 or a minimum of six counties. There are three major cost components of funding for LMEs:

- LME Systems Management
- Medicaid Eligible Costs/Services
- State Services Costs – Funding for services and clients not covered by Medicaid. Funds are paid to the LME using a variety of methods or combinations. These include but are not limited to the following: prior history, the directives of the General Assembly, unit cost reimbursement (UCR) and expenditure/reimbursement basis (Non-UCR).

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Medicaid eligible services are generally billed (fee-for-service) directly by the service provider and Medicaid funds flow directly to the service provider. Division allocated funds distributed among LMEs involved in a merger/split are not associated with Medicaid funding.

Funding for State Services Costs includes unit cost reimbursement (UCR) and expenditure reimbursement (Non-UCR).

Except as indicated below, all funding components of the LME are subject to the cost redistribution methodology.

**Enforcement:**

The Budget and Finance Team is responsible for enforcement of this policy.

**Exceptions:**

Funds associated with Cross Area Service Programs (CASP) are not subject to this method of redistribution. CASP dollars will remain where the program is located.

Funding for LME Systems Management costs are exempt from the redistribution process; this funding is allocated through the LME Cost Model.



**Procedure:**

**Responsibility:**

**Action:**

**LMEs**

LMEs must submit notice of merger or splits to the Division's Budget and Finance Team.

**Budget and Finance  
Team**

The Budget and Finance Team will use per capita information as a basis for redistributing/realigning LME service funding among the counties affected by a change in affiliation to include changes resulting from merger or splitting of LMEs. This redistribution/realignment process applies to both state and federal service dollars. Per capita information will be based upon the same state fiscal year in which the redistribution/realignment occurs.